

TITLE 83: PUBLIC UTILITIES DIVISION
CHAPTER I: ILLINOIS COMMERCE COMMISSION
SUBCHAPTER c: ELECTRIC UTILITIES

PART 425
UNIFORM ELECTRIC FUEL ADJUSTMENT

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AUTHORITY: Implementing Section 9-220 and authorized by Section 10-101 of the Public Utilities Act [220 ILCS 5/9-220 and 10-101].

SOURCE: Adopted at 5 Ill. Reg. 14133, effective December 3, 1981; amended at 7 Ill. Reg. 191, effective December 15, 1982; codified at 7 Ill. Reg. 14505; amended at 9 Ill. Reg. 684, effective January 8, 1985; amended at 13 Ill. Reg. 16730, effective January 1, 1990; amended at 18 Ill. Reg. 17989, effective December 15, 1994; amended at 19 Ill. Reg. 13882, effective October 1, 1995; emergency amendment at 25 Ill. Reg. _____, effective March 9, 2001, for a maximum of 150 days; amended at 25 Ill. Reg. _____, effective _____.

Section 425.30 Fuel Adjustment Formula

The fuel adjustment clause shall be of the following form:

$$FAC = \frac{(CF + CPP - CNS) \times 100}{S} - BFC + Ra + Ro + D$$

where:

FAC = Fuel adjustment charge per KWH. The amount in cents per KWH, rounded to the nearest .001¢, to be charged for each applicable KWH billed or delivered in the billing period, in excess of that amount included in Base Fuel Costs. The FAC is subject to refunds or increases due to overcollection or undercollection, depending on the results of the automatic reconciliation factor (Ra) and the ordered reconciliation factor (Ro) as defined under Section 425.50 "Administration".

CF = Allowable fuel cost associated with company owned generating plants. Fuel cost shall be interpreted in accordance with Section 425.40 "Interpretation" to include all fossil and nuclear fuel to be consumed in the

utility's own plants or in plants owned by wholly-owned subsidiaries of the utility and/or the utility's share of fossil and nuclear fuel to be consumed in jointly owned or leased plants during the period for which the FAC is being determined.

CPP = Allowable energy cost associated with purchased power. Purchased power shall be interpreted to include emergency, contract, and economy purchases. Except for power purchased for economy reasons, only the energy portion of the power to be purchased during the period for which the FAC is being determined is to be included. All other associated charges are specifically excluded. The demand charges for power to be purchased for economy reasons are allowable energy cost.

CNS = ~~Energy~~~~Fuel~~ costs associated with sales not subject to FAC. Energy costs associated with Non-jurisdictional sales, including sales for resale; interdepartmental sales; energy furnished without charge; and other sales not subject to FAC shall be included in factor CNS on the basis of average CNS energy cost. Such fuel costs shall be assumed to be average fuel costs during the period for which the FAC is being determined, except in the case of energy fuel costs associated with interchange power sales which shall represent the amounts recovered with respect to fuel in such sales, ordinarily the incremental cost of such fuel, and except in the case of energy costs associated with sales made to retail customers as a "competitive service," as that term is defined in Section 16-102 of the Public Utilities Act [220 ILCS 5/16-102]. Energy costs associated with interchange power sales and sales made to retail customers as a competitive service shall be included in factor CNS on an incremental cost basis.

S = Applicable estimated KWHs subject to FAC either to be billed or delivered during the period for which the FAC is being determined.

BFC = Base Fuel Cost in cents/KWH.

Ra = Automatic Reconciliation factor in cents/KWH.

Ro = Ordered Reconciliation factor in cents/KWH.

D = Desulfurization fee in cents/KWH.

(Source: Amended at 25 Ill. Reg. _____, effective _____))

Section 425.40 Interpretation

- a) Economic dispatch. Economic dispatch means the operation of the electric utility's system, utilizing the source of available power to achieve minimum overall costs, taking into consideration the utility's voltage, frequency, reliability, environmental, safety and service quality requirements, as well as the utility's existing contractual obligations. The utility shall adhere to the principles of economic dispatch unless under unusual circumstances the prudent operation of the utility's system dictates otherwise. If there is a deviation from economic dispatch or any use of less than 100% of the fuel cost of any resource in the dispatch, the deviation shall be fully explained in the initial monthly filing after the facts giving rise to such deviation first occur. Subsequent filings which continue to be affected by facts previously explained need not be accompanied by such explanation.
- b) Billing period. The billing period is defined as the period beginning with the first billing cycle of the month for which the FAC is being determined and ending with the last billing cycle thereof.
- c) Allowable fuel and fuel related charges (CF).
 - 1) The cost of fuel shall include the direct cost of fuel delivered at the generating plants. The direct fossil fuel costs are limited to costs entered into fuel expense Accounts #501 and #547 which have been cleared upon consumption from Fuel Stock Account #151, or in the case of gas fuel the amount which is charged directly to Accounts #501 or #547. Costs cleared from Fuel Stock Accounts #152 and #153 are specifically excluded. The cost of fuel used in the generation or production of electric power shall not include transportation costs of coal (this exclusion includes items 2, 4, and 5 of Fuel Stock Account #151) *except as otherwise provided in this subsection. Such costs of fuel shall, when requested by a utility or at the conclusion of the utility's next general electric rate proceeding, whichever shall first occur, include transportation costs of coal purchased under existing coal purchase contracts. For purposes of this subsection "existing coal purchase contracts" means contracts for the purchase of coal in effect on August 27, 1991, as such contracts may thereafter be amended, but only to the extent that any such amendment does not increase the aggregate quantity of coal to be purchased under such contract* (Section 9-220 of the Public Utilities Act ("Act")[220 ILCS 5/9-220]).
 - 2) The cost of nuclear fuel shall be that as expensed in Account #518, including provisions for storage and disposal of spent nuclear fuel including spent fuel disposal fees, except that handling costs for nuclear fuel assemblies or any expense for fossil fuel which has

already been included in the costs of fossil fuel, are specifically excluded.

- 3) The consumed fuel costs associated with test generation shall be included in allowable fuel and fuel related charges to the extent they are equal to or less than the average fuel costs of the utility's other units operated during the period for which the FAC is being determined. Average fuel costs equal total fuel costs of a utility's generating facilities less the cost of test generation, divided by total net generation less test generation.
- 4) Where the cost of fuel includes fuel and/or transportation costs from company owned or controlled services (in whole or in part), that fact shall be noted and described as part of any filing.
- 5) With respect to the price of fuel purchases or transportation services from company or controlled sources pursuant to contracts which are not subject to regulatory authority, the utility company shall file such contracts and amendments thereto annually with the Commission.
- 6) Fuel or transportation charges by affiliated companies which do not appear to be reasonable may result in the suspension of the fuel adjustment clause or cause an investigation thereof to be made by the Commission on its own motion. Any suspension of the fuel adjustment clause may occur if, after a hearing, a finding is made that such charges of a utility are unreasonable.
- 7) The cost of fuel shall include the direct cost of purchasing or otherwise acquiring, for utility operations purposes, emission allowances, created under the Federal Clean Air Act Amendments of 1990 (Pub. L. 101-549) including the emission allowances allocated to the utility by the United States Environmental Protection Agency, limited to the following:
 - A) The costs cleared from Account #158.1 - Allowance Inventory, and charged to Account #509 - Allowances, concurrent with the monthly emission of sulfur dioxide;
 - B) The gains cleared from Account #254 - Other Regulatory Liabilities, and credited to Account #411.8 - Gains from Disposition of Allowances; and
 - C) The losses charged to Account #411.9 - Losses from Disposition of Allowances.

- d) Allowable Energy Costs Associated with Purchased Power (CPP) represents only the energy cost portion of emergency and contract purchases. It represents the energy and demand cost portions of economy purchases. Non-monetary exchanges of power are not included. Mt. Carmel Public Utility Co., and South Beloit Water, Gas and Electric Company are permitted to include in their computation of purchased power cost (CPP) the demand charges associated with such purchases.
- e) Base Fuel Cost (BFC). The base fuel costs in cents per KWH rounded to the nearest .001¢ included in the energy charges of the utility's rates.
- f) ~~Non-jurisdictional sales. Fuel costs associated with sales to other privately owned electric utilities under interchange power agreements. Sales not subject to the jurisdiction of the Commission.~~
- g) Desulfurization Cost. Payment for professional services, licenses, etc. for the implementation and operation of a process for the desulfurization of the flue gas when burning high sulfur coal at any location within the state of Illinois irrespective of the attainment status designation of such location, *except for any fees or costs related to a service contract to the extent that recovery of comparable costs would not be permitted through the FAC if incurred directly by a utility owning and operating such a facility* (Section 9-220 of the Act). If fees are more than 10% of the estimated fuel cost for the month (CF & CPP - CNS) excluding the desulfurization fees, they shall be deferred (Account #186, Miscellaneous Deferred Debits) and amortized at a rate which will permit the charge off of the deferred amount in the shortest time frame, while conforming to the 10% restraint.
- (h) CNS Energy Cost. Energy cost associated with CNS, consisting of generation fuel cost (CF) and purchased power cost (CPP).
- (i) Average CNS Energy Cost. Average cost associated with CNS energy cost per kWh shall be computed as a fraction, the numerator of which equals the quantity (total energy cost, less costs attributable to interchange power sales, less energy costs associated with sales made to retail customers as a "competitive service," as that term is defined in Section 16-102 of the Act). The denominator of the fraction shall equal the quantity (the number of kWh of electricity the costs of which are included in total energy cost, less the number of kWh the costs of which are excluded from the numerator of this fraction).

(Source: Amended at 25 Ill. Reg. _____, effective _____))